

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
CROSBY, MINNESOTA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED MARCH 31, 2022



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**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2022**

INTRODUCTORY SECTION

ORGANIZATION	1
---------------------	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

MANAGEMENT'S DISCUSSION AND ANALYSIS	6
---	----------

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	10
----------------------------------	-----------

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	11
---	-----------

STATEMENT OF CASH FLOWS	12
--------------------------------	-----------

STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUND	13
---	-----------

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUND	14
--	-----------

NOTES TO FINANCIAL STATEMENTS	15
--------------------------------------	-----------

SUPPLEMENTARY INFORMATION

FINANCIAL DATA SCHEDULE	26
--------------------------------	-----------

OTHER INFORMATION

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS	30
---	-----------

REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31
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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	33
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INTRODUCTORY SECTION

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
ORGANIZATION
MARCH 31, 2022**

NAME	POSITION	TERM EXPIRES
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Board of Commissioners

Linda Peoples	Chair	August 31, 2026
Marna Paron	Vice Chair	August 31, 2026
Renae Marsh	Secretary/Treasurer	August 31, 2025
Buzz Neprud	Commissioner	August 31, 2022
Maxine Fisher	Commissioner	August 31, 2024
Eric Charpentier	Executive Director	

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing and Redevelopment Authority of Crosby
Crosby, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, each major fund, and fiduciary activities of the Housing and Redevelopment Authority of Crosby (the Authority) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and fiduciary activities of the Authority, as of March 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the financial data schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statement and certification of actual capital fund grant costs but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Commissioners
Housing and Redevelopment Authority of Crosby

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
July 12, 2022

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2022**

As management of the Housing and Redevelopment Authority of Crosby, Minnesota (the Authority), we offer the following narrative overview and analysis of the Authority's financial statements and activities for the fiscal year that ended March 31, 2022:

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceed its liabilities at the close of the most recent fiscal year by \$3,184,253 (net position). The Authority shows unrestricted net position of \$1,118,342 at year-end.
- The Authority's total net position decreased by \$174,621.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. This Authority's basic financial statements comprise of two components: 1) basic financial statements, and 2) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The Authority consists of exclusively enterprise funds, which use full accrual basis of accounting.

The statements of net position presents information on all of the Authority's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The statements of cash flows discloses net cash provided by or used for operating activities, noncapital financing activities, from capital and related financing activities, and investing activities.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2022**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position presents information on all of the Authority's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 1,178,359	\$ 1,190,692
Capital Assets	2,065,911	2,228,806
Total Assets	<u>3,244,270</u>	<u>3,419,498</u>
Long-Term Liabilities		
Outstanding	2,629	3,079
Other Liabilities	57,388	57,545
Total Liabilities	<u>60,017</u>	<u>60,624</u>
Net Position		
Investment in Capital Assets	2,065,911	2,228,806
Unrestricted	1,118,342	1,130,068
Total Net Position	<u>\$ 3,184,253</u>	<u>\$ 3,358,874</u>

The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year.

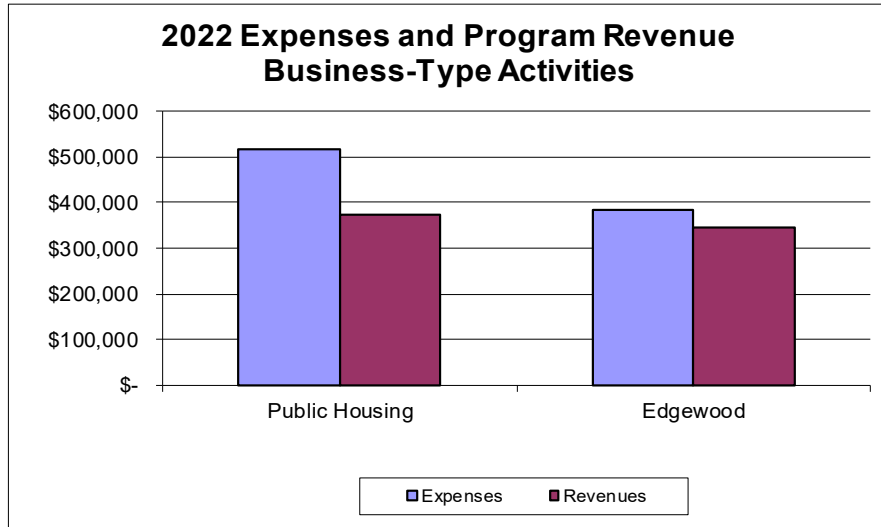
	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 452,329	\$ 432,832
Operating Grants and Contributions	259,561	208,979
Capital Grants and Contributions	7,975	441,014
General Revenues:		
Unrestricted Investment Earnings	(17,592)	16,062
Miscellaneous	25,557	108,466
Total Revenues	<u>727,830</u>	<u>1,207,353</u>
Expenses:		
Public Housing	518,269	465,305
Edgewood	384,182	343,841
Total Expenses	<u>902,451</u>	<u>809,146</u>
Change in Net Position	(174,621)	398,207
Net Position - Beginning of Year	<u>3,358,874</u>	<u>2,960,667</u>
Net Position - End of Year	<u>\$ 3,184,253</u>	<u>\$ 3,358,874</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2022**

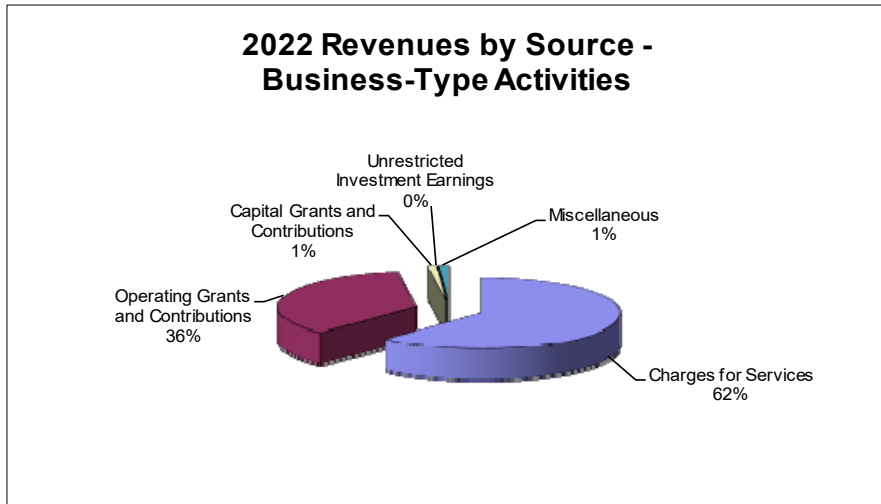
FINANCIAL ANALYSIS

Business-Type Activities

Business-type activities decreased the Authority's net position by \$174,621. This decrease is mainly due to an increase in expenses for Utilities of \$37,893 and Ordinary Maintenance and Operations of \$45,280.



As shown below, business-type activities are primarily supported by federal grants and residential rental revenue.



**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY AT THE FUND LEVEL

CAPITAL ASSET ACTIVITY

The Authority's capital assets, net of accumulated depreciation at March 31, 2022, amounted to \$2,065,911. This investment in capital assets includes land, buildings and improvements, and furniture, fixtures, and equipment. Net capital assets decreased in total by \$162,895. This decrease in capital assets is due to asset additions of \$44,487, deletions of \$51,499 and depreciation expense of \$207,382.

Land	\$ 37,910
Buildings and Improvements	6,457,587
Furniture, Fixtures, and Equipment	62,069
Less: Accumulated Depreciation	<u>(4,491,655)</u>
Total	<u><u>\$ 2,065,911</u></u>

Detailed information on the Authority's capital assets can be found in the notes to financial statements (Note 3.A.4, Capital Assets).

ECONOMIC FACTORS AND NEXT YEAR'S ITEMS

Calendar year 2022 Public Housing Operating Subsidy will be funded at approximately 95% with the final proration levels determined later in the year. Calendar year 2022 Public Housing Capital Fund Program will be funded at approximately 122% of prior year funding and at an all-time high funding level.

There are no large projects selected for 2023, but staff plan to go out for bid for multiple service contracts.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions regarding this report or need additional information, please contact the Housing and Redevelopment Authority of Crosby's Accountant at 324 East River Road, Brainerd, Minnesota 56401 or call (218) 824-3423 or by e-mail at karen@brainerdhra.org.

BASIC FINANCIAL STATEMENTS

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
STATEMENT OF NET POSITION
MARCH 31, 2022

	Public Housing	Edgewood	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 208,554	\$ 915,604	\$ 1,124,158
Net Accounts Receivable	16,831	4,941	21,772
Accrued Interest Receivable	-	1,468	1,468
Inventory	-	189	189
Restricted - Cash and Investments	11,522	19,250	30,772
Total Current Assets	<u>236,907</u>	<u>941,452</u>	<u>1,178,359</u>
Capital Assets:			
Land and CIP	37,910	-	37,910
Other Capital Assets, Net of Depreciation	<u>1,748,592</u>	<u>279,409</u>	<u>2,028,001</u>
Total Noncurrent Assets	<u>1,786,502</u>	<u>279,409</u>	<u>2,065,911</u>
Total Assets	<u>2,023,409</u>	<u>1,220,861</u>	<u>3,244,270</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	66	468	534
Accrued Wages Payable	2,538	3,056	5,594
Accrued Utility Payments	-	50	50
Due to Other Governmental Units	6,187	7,828	14,015
Tenants Security Deposits	10,825	19,130	29,955
Compensated Absences	2,696	2,971	5,667
Unearned Revenues	<u>535</u>	<u>1,038</u>	<u>1,573</u>
Total Current Liabilities	<u>22,847</u>	<u>34,541</u>	<u>57,388</u>
Noncurrent Liabilities:			
Due to Other Governmental Units	<u>1,020</u>	<u>1,609</u>	<u>2,629</u>
Total Liabilities	<u>23,867</u>	<u>36,150</u>	<u>60,017</u>
NET POSITION			
Investment in Capital Assets	1,786,502	279,409	2,065,911
Unrestricted	<u>213,040</u>	<u>905,302</u>	<u>1,118,342</u>
Total Net Position	<u>\$ 1,999,542</u>	<u>\$ 1,184,711</u>	<u>\$ 3,184,253</u>

See accompanying Notes to Financial Statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2022

	Public Housing	Edgewood	Totals
OPERATING REVENUES			
Intergovernmental:			
HUD PHA Operating Grants	\$ 146,244	\$ -	\$ 146,244
Other Government Grants	451	112,866	113,317
Total Intergovernmental Revenues	<u>146,695</u>	<u>112,866</u>	<u>259,561</u>
Rental Income:			
Net Tenant Rental	207,432	223,943	431,375
Tenant Rental - Other	<u>12,537</u>	<u>8,417</u>	<u>20,954</u>
Total Rental Income	219,969	232,360	452,329
Other Miscellaneous Income:			
Laundry Income	2,715	8,483	11,198
Miscellaneous	<u>3,509</u>	<u>3,457</u>	<u>6,966</u>
Total Other Miscellaneous Income	<u>6,224</u>	<u>11,940</u>	<u>18,164</u>
Total Operating Revenues	372,888	357,166	730,054
OPERATING EXPENSES			
Administration	73,694	108,844	182,538
Utilities	80,108	68,262	148,370
Ordinary Maintenance and Operations	145,252	136,565	281,817
Tenant Services	2,313	3,350	5,663
General Expense	39,719	36,962	76,681
Depreciation	<u>177,183</u>	<u>30,199</u>	<u>207,382</u>
Total Operating Expenses	<u>518,269</u>	<u>384,182</u>	<u>902,451</u>
OPERATING GAIN (LOSS)	(145,381)	(27,016)	(172,397)
NONOPERATING REVENUES (EXPENSES)			
Interest Income (Expense)	(3)	(17,589)	(17,592)
Gain/(Loss) on Sale of Asset	<u>-</u>	<u>7,393</u>	<u>7,393</u>
Total Nonoperating Revenues (Expenses)	<u>(3)</u>	<u>(10,196)</u>	<u>(10,199)</u>
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(145,384)	(37,212)	(182,596)
CAPITAL CONTRIBUTIONS	<u>7,975</u>	<u>-</u>	<u>7,975</u>
CHANGE IN NET POSITION	(137,409)	(37,212)	(174,621)
Net Position - Beginning of Year	<u>2,136,951</u>	<u>1,221,923</u>	<u>3,358,874</u>
NET POSITION - END OF YEAR	<u>\$ 1,999,542</u>	<u>\$ 1,184,711</u>	<u>\$ 3,184,253</u>

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022**

	Public Housing	Edgewood	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Rent	\$ 198,405	\$ 227,273	\$ 425,678
Cash Received from Other Sources	17,120	11,940	29,060
Operating Subsidies - HUD	146,695	112,866	259,561
Cash Paid to Other Suppliers of Goods or Services	(220,664)	(216,201)	(436,865)
Cash Payments to Employees for Services	(119,266)	(137,770)	(257,036)
Net Cash Provided by Operating Activities	<u>22,290</u>	<u>(1,892)</u>	<u>20,398</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants Received	7,975	-	7,975
Acquisition of Capital Assets	(15,097)	(21,998)	(37,095)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,122)</u>	<u>(21,998)</u>	<u>(29,120)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	-	(141,683)	(141,683)
Interest Received	(3)	(15,466)	(15,469)
Net Cash Used by Investing Activities	<u>(3)</u>	<u>(157,149)</u>	<u>(157,152)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,165	(181,039)	(165,874)
Cash and Cash Equivalents - Beginning of Year	<u>204,911</u>	<u>974,210</u>	<u>1,179,121</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 220,076</u>	<u>\$ 793,171</u>	<u>\$ 1,013,247</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 208,554	\$ 773,921	\$ 982,475
Restricted Assets - Cash and Cash Equivalents	11,522	19,250	30,772
Other Investments not Meeting the Definition of Cash Equivalents	-	141,683	141,683
TOTAL CASH AND INVESTMENTS	<u>\$ 220,076</u>	<u>\$ 934,854</u>	<u>\$ 1,154,930</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Loss	\$ (145,381)	\$ (27,016)	\$ (172,397)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation	177,183	30,199	207,382
(Increase) Decrease in Assets:			
Accounts Receivable	(9,027)	(4,764)	(13,791)
Inventory	-	(189)	(189)
Increase (Decrease) in Liabilities:			
Accounts Payable	(378)	(3)	(381)
Due to Other Governmental Units	(909)	(899)	(1,808)
Unearned Revenue	(1,641)	(323)	(1,964)
Tenants Security Deposits	480	(1,138)	(658)
Accrued Expenses	1,963	2,241	4,204
Net Cash Provided (Used) by Operating Activities	<u>\$ 22,290</u>	<u>\$ (1,892)</u>	<u>\$ 20,398</u>

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
MARCH 31, 2022**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	<u>\$ 5,167</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 5,167</u>

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED MARCH 31, 2022**

	<u>Custodial Fund</u>
ADDITIONS	
Investment Earnings:	
Interest, Dividends and Other	\$ 2
DEDUCTIONS	
Miscellaneous Expenses	<u>241</u>
NET DECREASE IN FIDUCIARY NET POSITION	(239)
Fiduciary Net Position - Beginning of Year	<u>5,406</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 5,167</u></u>

See accompanying Notes to Financial Statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing and Redevelopment Authority of Crosby (the Authority) was created for the purpose of providing housing and redevelopment services to the local area. The Authority was formed and operates pursuant to applicable Minnesota laws. The governing board consists of a five-member board appointed by the city council.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America.

A. Financial Reporting Entity

The Authority's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the Authority is considered to be financially accountable.

Component units are legally separate entities for which the Authority (Primary Government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the Primary Government misleading. The criteria used to determine if the Primary Government is financially accountable for a component unit include whether or not the Primary Government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Authority.

B. Measurement Focus and Basis of Accounting

Public Housing and Edgewood as well as the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority reports the following major funds:

Public Housing – The Public Housing Fund is used to account for the renting of HUD rental units to eligible persons and for grant monies received for major improvements to HUD properties.

Edgewood – The Edgewood Fund is used to account for the rental and other income, housing assistance payments, and the expenses related to the operations and maintenance of low income housing units.

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Additionally, the Authority reports the following fiduciary fund type:

Custodial Fund – The Tenant Activities Account is used to account for receipts and disbursements for the tenant activities. The Custodial Fund is used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority's enterprise funds are charges to tenants for rent, HUD PHA operating subsidies, and housing assistance payments. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

Cash balances from all funds (including cash equivalents) are pooled and invested to the extent available in various securities as authorized by Minnesota Statutes. Investments are stated at fair value, except for nonparticipating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost. Investment earnings are allocated to all funds on the basis of average cash balances.

Cash equivalents are considered to be short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less.

For the purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents consist of checking and saving certificate accounts, cash on hand, and repurchase agreements.

2. Restricted Assets

The enterprise funds, based on certain laws, are required to establish and maintain prescribed amounts of resources (consisting of cash and investments). The Authority maintains separate account codes for required tenant security deposits.

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Position or Equity (Continued)

3. Accounts Receivable

Accounts receivable in excess of 90 days after move out date is written off as uncollectible. There was \$1,900 of bad debt expense written-off in the current year.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the individual assets, which range from one to forty years.

5. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation benefits. Vacation leave accrual varies from zero – 240 hours per year. Employees may accumulate up to a maximum of 240 hours at any given time for employees who work 40 hours and is prorated for those working less than that. Employees will forfeit any vacation leave in excess of the 240 hours.

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Position or Equity (Continued)

6. Tenant Deposits

Security deposits are collected from tenants and are held in interest bearing bank accounts. The related liability consists of actual deposits and includes any interest earned by tenants on deposits. Refunds are made when a tenant leaves. Any interest earned by the tenant is recorded as an increase of the tenant deposit interest liability.

7. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted are amounts that do not meet the definition of restricted or net investment in capital assets.

D. Tax Status

The Authority is exempt from property taxes. In lieu of property taxes, the Public Housing and Edgewood enterprise funds pays to Crow Wing County 5% of the total annual public housing rents less the total utilities.

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

The Authority maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the Authority maintains deposits at financial institutions which are authorized by the Board of Commissioners.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The Authority's deposits in banks at March 31, 2022 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Investments

The Authority has an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
- General obligations rated “A” or better; revenue obligations rated “AA” or better.
- General obligations of the Minnesota Housing Finance Agency rate “A” or better.
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At March 31, 2022, the Authority had the following investments:

Money Market	\$	1,043
Treasury Notes		141,683
Negotiable CDs		737,502
Total Investments		880,228

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Investments (Continued)

Interest rate risk – Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are categorized to give an indication of the level of interest rate risk assumed at year-end. Fair market values and maturities as of March 31, 2022 are as follows:

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Money Market Fund	\$ 1,043	\$ 1,043	\$ -	\$ -
Treasury Notes	141,683	-	-	141,683
Negotiable CD's	737,502	251,433	294,103	191,966
Total	<u>\$ 880,228</u>	<u>\$ 252,476</u>	<u>\$ 294,103</u>	<u>\$ 333,649</u>

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit quality ratings for the Authority's investments as of March 31, 2022 are as follows:

	Credit Quality Rating	Amount
Money Market	Not Rated	\$ 1,043
Treasury Notes	AAA	141,683
Negotiable CD's	Not Rated	737,502

Concentration of Credit Risk – Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer (other than U.S. Treasury) that represent 5% or more of total fund investments at March 31, 2022 are as follows:

Issuer	Amount	Percentage
Capital One Natl Assn Mclean	\$ 100,526	11.42 %
Ally Bk Midvale Utah	100,605	11.43
Bank Sierra Calif	196,784	22.36
BMW BK North Amer Salt Lake	97,319	11.06
BMW Bank of North America	50,302	5.71
New York Community Bank	191,966	21.81
United States Treasury Note	141,683	16.10
Total	<u>\$ 879,185</u>	

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Investments (Continued)

Fair Value Measurements

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Authority follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Authority has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

- Level I – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- Level II – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- Level III – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Type	Level 1	Level 2	Level 3	Total
Negotiable CDs	\$ -	\$ 737,502	\$ -	\$ 737,502
Treasury Notes	141,683	-	-	141,683
Total	\$ 141,683	\$ 737,502	\$ -	879,185
		Investments Measured at Amortized Cost		1,043
			Total	\$ 880,228

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Investments (Continued)

Cash and investments are presented in these financial statements:

Cash and Investments - Business Type Funds	\$ 1,124,158
Restricted Cash and Investments - Business-Type Funds	30,772
Cash and Investments - Fiduciary Funds	5,167
Total Cash and Investments	<u>\$ 1,160,097</u>

3. Receivables

Revenues of the Public Housing Authority are reported net of uncollectible amounts. There was no allowance for uncollectible accounts related to Public Housing or Edgewood rent as of March 31, 2022.

4. Capital Assets

Capital asset activity for the Authority for the year ended March 31, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 37,910	\$ -	\$ -	\$ 37,910
Total Capital Assets, Not Being Depreciated	37,910	-	-	37,910
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,436,384	24,549	(3,346)	6,457,587
Furniture, Equipment, and Machinery - Dwelling Units	37,589	7,975	(17,652)	27,912
Furniture, Equipment, and Machinery - Administration	52,695	11,963	(30,501)	34,157
Total Capital Assets, Being Depreciated	6,526,668	44,487	(51,499)	6,519,656
Less: Accumulated Depreciation	(4,335,772)	(207,382)	51,499	(4,491,655)
Total Capital Assets, Being Depreciated, Net	2,190,896	(162,895)	-	2,028,001
Business-Type Activities Capital Assets, Net	<u>\$ 2,228,806</u>	<u>\$ (162,895)</u>	<u>\$ -</u>	<u>\$ 2,065,911</u>

Depreciation expense was charged to functions/programs of the Authority as follows:

Business-Type Activities:	
Public Housing	\$ 177,183
Edgewood	30,199
Total Depreciation Expense - Business-Type Activities	<u>\$ 207,382</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities

Compensated Absences Payable

The Authority has the following changes in Compensated Absences for the year ended March 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Compensated Absences Payable:					
Public Housing	\$ 1,048	\$ 1,986	\$ 338	\$ 2,696	\$ 2,696
Edgewood	1,202	2,359	590	2,971	2,971
Total Compensated Absences Payable	<u>\$ 2,250</u>	<u>\$ 4,345</u>	<u>\$ 928</u>	<u>\$ 5,667</u>	<u>\$ 5,667</u>

NOTE 4 DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Qualified employees of the Authority belong to the Housing and Redevelopment Authority of Crosby Minnesota Retirement Plan, which is a defined contribution retirement plan. The Plan and Trust are qualified under Section 401(a) of the Internal Revenue Code and their income is exempt from taxation under Section 501(a) of the Code. The Plan also qualifies as a governmental plan under Code section 414(d). Plan provisions and contribution requirements are established and amended by the Authority Board Members.

Terminated or retiring participants are entitled to certain benefits including the full amount of their contributions to the Plan as well as earnings on their contributions. In addition to the amount of their contribution, each participant is entitled to the portion of the employer's contributions in which he or she has a vested interest.

Plan Funding

The Plan is funded by employer and employee contributions (8.5% and 6.5% of gross wages, respectively). The employee may not elect to contribute additional amounts to this Plan, but may elect to contribute to the Authority's 457 plan. The Authority's and employees' contributions for the years ended March 31, 2022, 2021, and 2020 were as follows:

	2022	2021	2020
Total Payroll	\$ 128,902	\$ 130,770	\$ 159,596
Covered Payroll	91,094	80,188	117,553
Employer Contributions 401(a) Plan	7,743	6,816	9,992
Employee Contributions 401(a) Plan	8,789	4,811	7,046

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 5 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; public official liability; and natural disasters for which the Authority carries commercial insurance policies. The Authority retains risk for the deductible portions of the insurance policies and for any exclusion from the insurance policies. These amounts are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

NOTE 6 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

Grants

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

SUPPLEMENTARY INFORMATION

HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
FINANCIAL DATA SCHEDULE
MARCH 31, 2022

Line Item #	Account Description	Public Housing Low Rent	Edgewood	Fiduciary Fund Agency	Total
ASSETS					
CURRENT ASSETS					
CASH					
111	Cash - Unrestricted	\$ 208,554	\$ 915,604	\$ 5,167	\$ 1,129,325
114	Cash - Tenant Security Deposits	11,522	19,250	-	30,772
100	Total Cash	<u>220,076</u>	<u>934,854</u>	<u>5,167</u>	<u>1,160,097</u>
ACCOUNTS AND ACCOUNTS RECEIVABLE					
126	Accounts Receivable - Tenants	10,328	4,043	-	14,371
127	Notes, Loans, and Mortgages Receivable - Current	6,503	898	-	7,401
129	Accrued Interest Receivable	-	1,468	-	1,468
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>16,831</u>	<u>6,409</u>	<u>-</u>	<u>23,240</u>
143	Inventory	-	189	-	189
150	Total Current Assets	<u>236,907</u>	<u>941,452</u>	<u>5,167</u>	<u>1,183,526</u>
NONCURRENT ASSETS					
FIXED ASSETS					
161	Land	37,910	-	-	37,910
162	Building and Improvements	5,500,781	956,806	-	6,457,587
163	Furniture, Equipment and Machinery - Dwellings	10,452	8,505	-	18,957
164	Furniture, Equipment and Machinery - Administration	13,725	29,387	-	43,112
166	Accumulated Depreciation	<u>(3,776,366)</u>	<u>(715,289)</u>	<u>-</u>	<u>(4,491,655)</u>
160	Total Capital Assets, Net of Accumulated Depreciation	<u>1,786,502</u>	<u>279,409</u>	<u>-</u>	<u>2,065,911</u>
290	Total Assets	<u>\$ 2,023,409</u>	<u>\$ 1,220,861</u>	<u>\$ 5,167</u>	<u>\$ 3,249,437</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
FINANCIAL DATA SCHEDULE (CONTINUED)
MARCH 31, 2022**

Line Item #	Account Description	Public Housing Low Rent	Edgewood	Fiduciary Fund Agency	Total
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
312	Accounts Payable < 90 Days	\$ 66	\$ 468	\$ -	\$ 534
321	Accrued Wage/Payroll Taxes Payable	2,538	3,056	-	5,594
322	Accrued Compensated Absences - Current Portion	2,696	2,971	-	5,667
333	Accounts Payable - Other Government	6,187	7,828	-	14,015
341	Tenant Security Deposits	10,825	19,130	-	29,955
342	Unearned Revenue	535	1,038	-	1,573
346	Accrued Liabilities - Other	-	50	-	50
310	Total Current Liabilities	<u>22,847</u>	<u>34,541</u>	-	<u>57,388</u>
NONCURRENT LIABILITIES					
353	Noncurrent Liabilities - Other	<u>1,020</u>	<u>1,609</u>	-	<u>2,629</u>
300	Total Liabilities	23,867	36,150	-	60,017
NET POSITION					
508.4	Investment in Capital Assets	1,786,502	279,407	-	2,065,909
511.4	Restricted Net Position	-	-	5,167	5,167
512.4	Unrestricted Net Position	<u>213,040</u>	<u>905,304</u>	-	<u>1,118,344</u>
513	Total Net Position	<u>1,999,542</u>	<u>1,184,711</u>	<u>5,167</u>	<u>3,189,420</u>
600	Total Liabilities and Net Position	<u>\$ 2,023,409</u>	<u>\$ 1,220,861</u>	<u>\$ 5,167</u>	<u>\$ 3,249,437</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
FINANCIAL DATA SCHEDULE (CONTINUED)
YEAR ENDED MARCH 31, 2022**

Line Item #	Account Description	Public Housing Low Rent	Public Housing Capital Fund Program	Public Housing CARES Act Funding	Edgewood	Total
REVENUE						
70300	Net Tenant Rental Revenue	\$ 207,432	\$ -	\$ -	\$ 223,943	\$ 431,375
70400	Tenant Revenue - Other	12,537	-	-	8,417	20,954
70500	Total Tenant Revenue	219,969	-	-	232,360	452,329
70600	HUD PHA Operating Grants	146,244	-	-	-	146,244
70610	Capital Grants	-	7,975	-	-	7,975
70700	Total Fee Revenue	146,244	7,975	-	-	154,219
70800	Other Government Grants	451	-	-	112,866	113,317
71100	Investment Income - Unrestricted	(3)	-	-	(17,589)	(17,592)
71500	Other Revenue	6,224	-	-	11,940	18,164
70000	Total Revenue	372,885	7,975	-	339,577	720,437
EXPENSES						
<u>Administrative</u>						
91100	Administrative Salaries	19,372	-	-	31,408	50,780
91200	Auditing Fees	3,413	-	-	3,413	6,826
91300	Outside Management Fees	36,000	-	-	54,000	90,000
91400	Advertising and Marketing	968	-	-	1,085	2,053
91500	Employee Benefit Contributions - Administrative	8,228	-	-	12,520	20,748
91600	Office Expenses	3,085	-	61	4,016	7,162
91700	Legal Expense	1,054	-	338	869	2,261
91800	Travel	798	-	-	869	1,667
91000	Total Operating - Administrative	72,918	-	399	108,180	181,497
<u>Tenant Services</u>						
92100	Tenant Services - Salaries	1,763	-	-	2,644	4,407
92300	Employee Benefit Contributions - Tenant Services	135	-	-	202	337
92400	Tenant Services - Other	236	-	-	236	472
92500	Total Tenant Services	2,134	-	-	3,082	5,216
<u>Utilities</u>						
93100	Water	16,415	-	-	7,073	23,488
93200	Electricity	23,651	-	-	32,656	56,307
93300	Gas	15,265	-	-	16,643	31,908
93600	Sewer	24,777	-	-	11,890	36,667
93000	Total Utilities	80,108	-	-	68,262	148,370
<u>Ordinary Maintenance and Operation</u>						
94100	Ordinary Maintenance and Operations - Labor	24,829	-	11,566	37,254	73,649
94200	Ordinary Maintenance and Operations - Materials and Other	21,642	-	672	23,809	46,123
94300	Ordinary Maintenance and Operations - Contract Costs	67,350	-	583	56,926	124,859
94500	Employee Benefit Contributions - Ordinary Maintenance	17,203	-	-	17,268	34,471
94000	Total Maintenance	131,024	-	12,821	135,257	279,102

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
FINANCIAL DATA SCHEDULE (CONTINUED)
YEAR ENDED MARCH 31, 2022**

Line Item #	Account Description	Public Housing Low Rent	Public Housing Capital Fund Program	Public Housing CARES Act Funding	Edgewood	Total
	EXPENSES (CONTINUED)					
	<u>General Expenses</u>					
96110	Property Insurance	\$ 17,892	\$ -	\$ -	\$ 12,622	\$ 30,514
96120	Liability Insurance	3,463	-	-	3,355	6,818
96130	Workmen's Compensation	2,155	-	-	2,155	4,310
96140	All Other Insurance	1,725	-	-	1,668	3,393
96100	Total Insurance Premiums	<u>25,235</u>	-	-	19,800	45,035
96200	Other General Expenses	6,868	-	-	9,103	15,971
96210	Compensated Absences	1,963	-	-	2,240	4,203
96300	Payments in Lieu of Taxes	6,129	-	-	7,646	13,775
96400	Bad Debt - Tenant Rents	1,487	-	-	413	1,900
96000	Total Other General Expenses	<u>16,447</u>	-	-	19,402	35,849
96900	Total Operating Expenses	<u>327,866</u>	-	13,220	353,983	695,069
97000	EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) OPERATING EXPENSES	45,019	7,975	(13,220)	(14,406)	25,368
	<u>Other Expenses</u>					
97400	Depreciation Expense	177,183	-	-	30,199	207,382
90000	Total Expenses	<u>505,049</u>	-	13,220	384,182	902,451
	<u>Other Financing Sources (Uses)</u>					
10010	Operating Transfer In	7,975	-	-	-	7,975
10020	Operating Transfer Out	-	(7,975)	-	-	(7,975)
10100	Financing	<u>7,975</u>	<u>(7,975)</u>	-	-	-
10000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	<u>\$ (124,189)</u>	<u>\$ -</u>	<u>\$ (13,220)</u>	<u>\$ (44,605)</u>	<u>\$ (182,014)</u>
	Memo Account Information					
11030	Beginning Equity	\$ 2,136,951	\$ -	\$ -	\$ 1,221,923	\$ 3,358,874
11190	Unit Months Available	708	-	-	732	1,440
11210	Number of Unit Months Leased	698	-	-	721	1,419
11270	Excess Cash	166,449	-	-	-	166,449
11610	Land Purchases	-	-	-	-	-
11620	Building Purchases	-	7,122	-	17,427	24,549
11640	Furniture & Equipment- Dwelling Purchases	-	7,975	-	11,962	19,937

OTHER INFORMATION

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY
STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS
YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

	<u>MN46P08250119</u>	<u>MN46P08250120</u>	<u>MN46PO82501-21</u>
The Actual Modernization Costs are as Follows:			
Funds Approved - Total Grant	\$ 95,392	\$ 102,396	\$ 106,850
Funds Expended - Grant Expenditures to Date	<u>91,833</u>	<u>92,396</u>	<u>-</u>
Excess of Funds Approved	<u>\$ 3,559</u>	<u>\$ 10,000</u>	<u>\$ 106,850</u>
Funds Advanced - FY 22	\$ 7,975	\$ -	\$ -
Funds Expended - FY 22	<u>7,975</u>	<u>-</u>	<u>-</u>
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Received During Current Year	<u>\$ 7,975</u>	<u>\$ -</u>	<u>\$ -</u>
Status	Not Complete	Not Complete	Not Complete

REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Housing and Redevelopment Authority of Crosby
Crosby, Minnesota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying individual statements of Public Housing, Edgewood, and the aggregate remaining fund information of the Housing and Redevelopment Authority of Crosby (the Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 12, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Brainerd, Minnesota
July 12, 2022



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners
Housing and Redevelopment Authority of Crosby
Crosby, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the individual statements of Public Housing, Edgewood, and the aggregate remaining fund information of the Housing and Redevelopment Authority of Crosby (the Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 12, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that Authority failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
July 12, 2022



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